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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
OCTOBER 1968

Number 3

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

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MARKET SUMMARY -- OCTOBER 1968

DEC 24 1968

The Chattanooga Order MINIMUM uniform producer price is \$6.31 per cwt. of pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of 68 cents above October 1967 Order producer price.

In October 1968, 85.3% of the producer milk received by pool plants was priced in Class I at \$6.68 per cwt. and 14.7% was priced in Class II at \$4.28 per cwt. The October butterfat differential for Class I was 8.2 cents and Class II was 7.7 cents.

Total producer milk received during October 1968 was 22,464,285 pounds which is an increase of 4,151,978 pounds or 22.7% compared with October 1967. The October daily average deliveries per farm from 619 producers was 1,171 pounds. This compares to 550 farms delivering a daily average of 1,074 pounds per day during October 1967.

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COURT UPHOLDS MILK ORDER

The United States Court of Appeals, Third Circuit Philadelphia, on September 25, 1968 found the Secretary of Agriculture's action valid in imposing full regulation upon Lewes Dairy under the Federal Milk Order for the Upper Chesapeake Bay (Baltimore) marketing area. This decision followed an appeal by the Federal Government after the U. S. District Court for the District of Delaware had upheld (December 1966) Lewes Dairy's contention that the pricing provisions of the Order should not be applicable to the milk it sold outside the marketing area. This decision by the Court of Appeals is favorable to the enforcement of the milk order pricing all milk received by the handler whether sold within or outside the marketing area.

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PERCENTAGE VOLUME BY CONTAINER SIZE OF CERTAIN CLASS I ITEMS - POOL PLANTS
OCTOBER 1967 - OCTOBER 1968 COMPARISON

Milk Item	Year	Gals.	$\frac{1}{2}$ Gals.	Qts.	Pts.	$\frac{1}{3}$ Qts.	$\frac{1}{2}$ Pts.	Product Pounds 100%
Homo Milk	1968	48%	29%	3%	5%	*	15%	12,856,752
	1967	47%	30%	4%	5%	*	14%	11,701,601
2% Milk	1968	84%	16%					1,873,342
	1967	79%	21%					1,069,626
Skim Milk	1968		84%	14%			2%	639,393
	1967		81%	17%			2%	533,613
Buttermilk	1968	**	74%	21%	3%	*	2%	1,448,292
	1967	**	73%	22%	3%		2%	1,261,582
Chocolate Milk & Drink	1968	**	7%	24%	45%	*	24%	510,331
	1967	**	4%	25%	47%	*	24%	432,422

* Combined with $\frac{1}{2}$ pints - Distributed by less than 3 plants.

** Combined with $\frac{1}{2}$ gallons - Distributed by less than 3 plants.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Oct. '68 over Oct. '67	Oct. 1968 17	Sept. 1968 17	Oct. 1967 9
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 22.7	724,654	716,321	590,720
Other Source	+ 227.4	71,221	67,775	21,751
Other Federal Orders	+ 118.6	229,549	230,772	105,031
TOTAL MILK RECEIPTS	+ 42.9	1,025,424	1,014,868	717,502
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 9.9	414,734	403,718	377,471
Skim - Regular	+ 19.8	20,626	20,231	17,213
Skim - 2% Milk	+ 75.1	60,430	45,527	34,504
Buttermilk	+ 14.8	46,719	45,886	40,696
Flavored Milk and Drink	+ 18.0	16,462	16,623	13,949
Creams (Sweet and Sour)	+ 7.5	2,912	2,851	2,710
Sub-Total - Pkg. Products (Pool Plants)	+ 15.5	561,883	534,836	486,543
Other (Shrinkage, Inventory, etc.)		6,064	6,638	4,063
Sales to Non-Pool Plants		256,525	200,317	82,825
In-Area Sales by Non-Pool Plants		48,906	45,037	1,738
TOTAL CLASS I MILK	+ 51.8	873,378	786,828	575,169
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 1.1	37,440	43,398	37,045
Cottage Cheese	+ 15.6	33,666	34,373	29,133
Powdered and Condensed Milk		-0-	35,713	7,824
Livestock Feed and Skim Dumped		7,895	7,527	5,410
Sub-Total - Used to Produce	- 0.5	79,001	121,011	79,412
Shrinkage Class II		14,741	13,293	9,699
Other (Inventory Variation, etc.)		(164)	29,619	8,161
Bulk Sales to Non-Pool Plants		58,468	64,117	45,061
TOTAL CLASS II MILK	+ 6.8	152,046	228,040	142,333
Class I Pkg. Lbs. in Area - Pool Plants	+ 62.3	477,543	466,282	294,210
Class I Pkg. Lbs. Out of Area - Pool Plants	- 56.1	84,340	68,554	192,333
Class I Pkg. Lbs. in Area - Non-Pool Plants		48,906	45,037	1,738
% Producer Milk of Gross Class I		83.0	91.0	102.7
% Producer Milk Priced in Class I		85.3	78.4	83.6

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$ 1090.51(a) Amended</u>	<u>Nov. '68</u>	<u>Oct. '68</u>	<u>Nov. '67</u>
Basic Formula 1/	\$4.33	\$4.33	\$4.05
Plus Class I Differential 2/	1.95	1.95	1.95
Supply-Demand Adjustment	0.34	0.40	(0.02)
Class I Price, 3.5% Butterfat	\$6.62	\$6.68	\$5.98

NOVEMBER 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: August and September	
Supply: Lbs. Producer Milk (Aug. 18,645,254 and Sept. 21,489,634)	40,134,888
Demand: Lbs. Net Class I Milk (Aug. 20,787,931 and Sept. 22,253,731)	43,041,662
Utilization Percentage: Producer milk divided by Class I	93
Standard Utilization Percentage: Range 110-114	110
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 17
Supply-Demand Adjustment: 2 cents x 17 percentage points	Plus \$0.34

1/ Basic Formula "Floor" per Order Amendments

2/ Increased 20 cents - May 1967 through April 1969

COMPUTATION OF PRODUCER UNIFORM PRICE

OCTOBER-1968	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		27,074,723	3.480		
Less Other Source		7,922,512	3.210		
Producer Milk Class I	85.3	19,152,211	3.591632	\$6.755138	\$1,293,758.28
Gross Class II		4,713,411	5.924		
Less Other Source		1,401,337	5.271		
Producer Milk Class II	14.7	3,312,074	6.200737	6.359567	210,633.57
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	22,464,285	3.976312		\$1,504,391.85
Add Fractional Adjustment					.11
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					9,645.64
TOTAL VALUE AT TEST		22,464,285	3.976312	\$6.739754	\$1,514,037.60
Less Test over 3.5% @ 8.0¢ per point		22,464,285	.476312	.381050	85,600.16
TOTAL UTILIZATION VALUE AT 3.5%		22,464,285	3.5	\$6.358704	\$1,428,437.44
Less Producer-Settlement Fund Reserve		22,464,285		.048704	10,941.01
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		22,464,285	3.5	\$6.31	\$1,417,496.43

OCTOBER 1968 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$5.91	3.6	\$6.39	4.2	\$6.87	4.8	\$7.35	5.4	\$7.83
3.05	5.95	3.65	6.43	4.25	6.91	4.85	7.39	5.45	7.87
3.1	5.99	3.7	6.47	4.3	6.95	4.9	7.43	5.5	7.91
3.15	6.03	3.75	6.51	4.35	6.99	4.95	7.47	5.55	7.95
3.2	6.07	3.8	6.55	4.4	7.03	5.0	7.51	5.6	7.99
3.25	6.11	3.85	6.59	4.45	7.07	5.05	7.55	5.65	8.03
3.3	6.15	3.9	6.63	4.5	7.11	5.1	7.59	5.7	8.07
3.35	6.19	3.95	6.67	4.55	7.15	5.15	7.63	5.75	8.11
3.4	6.23	4.0	6.71	4.6	7.19	5.2	7.67	5.8	8.15
3.45	6.27	4.05	6.75	4.65	7.23	5.25	7.71	5.85	8.19
3.5	6.31	4.1	6.79	4.7	7.27	5.3	7.75	5.9	8.23
3.55	6.35	4.15	6.83	4.75	7.31	5.35	7.79	5.95	8.27

ENFORCEMENT ACTION

LYLES MILK, INC., HANDLER UNDER THE NORTH TEXAS ORDER NO. 126,

PLEADS GUILTY TO FELONY CHARGE OF FILING FALSE REPORTS

Lyles Milk, Inc., and Mr. J. J. Lyles of Fort Worth, Texas, on July 11, 1968, entered pleas of guilty under the United States Criminal Code (Section 18 U.S.C. 1001) of filing false reports with the Milk Marketing Administrator. Such reports failed to show the receipts and use of milk powder and the resulting utilization of the reconstituted milk.

The defendant corporation, Lyles Milk, Inc., was adjudged guilty and fined a sum of \$1,000.00. The defendant J. J. Lyles was adjudged guilty and was committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of ninety (90) days. The sentence imposed on Mr. J. J. Lyles was suspended and said defendant was placed on probation for the 90-day period.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Oct. '67	\$5.63	-	-	8.4¢	\$5.98	8.7¢	\$3.98	7.7¢
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan. '68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 ^{2/}	\$5.81	\$3.98	8.2	6.20	8.6	4.02	7.6
Apr.	5.67 ^{2/}	5.89	4.14	8.2	6.28	8.6	4.18	7.6
May	5.90 ^{2/}	6.14	4.15	8.2	6.56	8.6	4.19	7.6
June	5.79 ^{2/}	5.96	4.14	8.2	6.44	8.6	4.18	7.6
July	5.97 ^{2/}	6.15	4.14	8.2	6.52	8.6	4.18	7.6
Aug.	6.22	-	-	8.0	6.62	8.0	4.20	7.7
Sept.	6.16	-	-	8.0	6.70	8.0	4.23	7.9
Oct.	6.31	-	-	8.0	6.68	8.2	4.28	7.7
Nov.	-	-	-	-	6.62	8.1	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92 Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula ^{4/}	Class I		Class II	
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Pounds	Test-%	Pounds	Test-%
Oct. '67	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan. '68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80
Apr.	66.44	4.18	21.96	4.33	474,081	3.44	179,918	4.95
May	66.44	4.19	22.62	4.33	467,606	3.45	171,375	4.85
June	66.44	4.18	22.54	4.33	432,917	3.40	167,462	4.93
July	66.43	4.18	22.77	4.33	439,957	3.40	130,640	5.06
Aug.	66.59	4.20	22.90	4.33	504,464	3.40	96,996	5.47
Sept.	68.54	4.23	22.91	4.33	561,274	3.45	155,047	5.07
Oct.	67.29	4.28	22.95	4.33	617,813	3.59	106,841	6.20

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Oct. '67	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan. '68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81
Apr.	11	804,063	531,929	536	653,999	574,609	3.85	1,220	1,072	148
May	11	805,968	533,685	535	638,981	563,280	3.82	1,194	1,053	141
June	11	798,670	533,671	537	600,379	546,005	3.82	1,118	1,017	101
July	10	758,105	563,764	535	570,597	519,550	3.78	1,067	971	96
Aug.	17	855,075	708,065	541	601,460	-	3.73	1,112	-	-
Sept.	17	1,014,868	786,828	620	716,321	-	3.80	1,155	-	-
Oct.	17	1,025,424	873,378	619	724,654	-	3.98	1,171	-	-

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments